

Message Text

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ACTION EB-04

INFO OCT-01 SS-04 ISO-00 EUR-03 NSC-04 TRSE-00 CEA-01

INR-01 FRB-03 CIAE-00 /021 W

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R 052143Z DEC 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5568

C O N F I D E N T I A L OTTAWA 10123

LIMDIS GREENBACK

E.O. 11652: GDS

TAGS: EFIN, CA

SUBJECT: LACK OF AGREEMENT ON 1.5 BILLION STANDBY CREDIT

REFS: (A) OTTAWA 9087, (B) OTTAWA 9421

1. GOC HAS STILL NOT CONCLUDED NEGOTIATIONS WITH BANK CONSORTIUM FOR DOLS 1.5 BILLION STANDBY CREDIT ANNOUNCED OCTOBER 27 (REF B). FINANCE DEPARTMENT STATES AGREEMENT HAS BEEN "99.9 PERCENT" NEGOTIATED, BUT BECAUSE OF "POSSIBLE PRECEDENT" TO BE SET BY AGREEMENT, GOC LAWYERS ARE STILL NEGOTIATING "DETAILS" WITH BANKERS. HOWEVER, FINANCE OFFICIAL TOLD EMBOFF FULL AGREEMENT IS EXPECTED BEFORE THE END OF DECEMBER.

2. ALTHOUGH CREDIT IN FACT NOT ARRANGED, SO FAR THE ANNOUNCEMENT OF CREDIT HAS HAD THE EFFECT WHICH WAS APPARENTLY DESIRED IN OCTOBER (SEE REF A) OF SENDING SIGNAL TO FOREX MARKET THAT ONE WAY SPECULATION AGAINST CANADIAN DOLLAR VIS-A-VIS U.S. DOLLAR WAS NOT RISKLESS AND OF STABILIZING THE EXCHANGE RATE IN THE RANGE OF 90 U.S. CENTS. RATE IN FACT STAYED GENERALLY IN RANGE OF 90.0 TO 90.6 CENTS DURING NOVEMBER AND NET CHANGE IN INTERNATIONAL RESERVES DURING THE MONTH WAS MINIMAL
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(SEE SEPTTEL). ENDERS

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Message Attributes

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Decaption Note: 25 YEAR REVIEW
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Disposition Approved on Date:
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